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IN THE

Supreme Court of the United States

October Term, 1965.
No.....

IN-SINK-ERATOR MANUFACTURING COMPANY,
Petitioner,

vs.

WASTE KING CORPORATION,
Respondent.

Respondent's Brief in Opposition to Petition for Writ of Certiorari.

To the Supreme Court of the United States:

A. OPINIONS BELOW.

The opinion of the Trial Court appears at R. 320.* The opinion of the Court of Appeals for the Seventh Circuit appears in the Appendix to the Petition (p. 21) and is reported at 145 U.S.P.Q. 441. No petition for rehearing was filed by Petitioner in the Court of Appeals.

B. STATEMENT OF JURISDICTION.

Petitioner invokes the jurisdiction of this Court under Title 28, U.S.C., Section 1254(1).

*All references to the record "R" are to "Appendix to Brief for Defendant Appellant" in the Court of Appeals, unless otherwise noted.

C. COUNTERSTATEMENT OF THE CASE.

This is a routine action for a declaratory judgment as to the validity of United States Letters Patent No. 2,879,949 and its infringement by Petitioner, Plaintiff In-Sink-Erator Manufacturing Co. [Complaint, R. 1], (hereinafter referred to as "In-Sink-Erator"). Defendant Waste King Corporation (hereinafter referred to as "Waste King") is the exclusive licensee under said Letters Patent with the right to prosecute suits for infringement thereof [R. 321]. Defendant Waste King counterclaimed for such infringement by plaintiff In-Sink-Erator.

One of the issues raised by Plaintiff's Complaint was whether Defendant was barred and estopped from prosecuting any action against Plaintiff for infringement of patent No. 2,879,949 by reason of an earlier *written agreement* between the parties [Complaint, Paragraphs 18 and 19, R. 2-3]. Upon the motion of the Plaintiff, the District Court, acting under Rule 42(b) of the Rules of Civil Procedure, ordered a separate trial on such contract issue. On May 28, 1964, after such trial, the District Court entered judgment in favor of Plaintiff on the contract issue alone [R. 325]. The Court of Appeals reversed this judgment and remanded the case to the District Court for trial on the primary patent infringement issues.

The only patent involved in any way in this action is said No. 2,879,949 in suit (hereinafter referred to as the '949 patent). There has been no adjudication below as to either the validity or infringement of said single patent in suit. Petitioner's Statement [Petition, p. 21] that: "The District Court had granted the petitioner injunctive relief barring respondent from prose-

cuting successively or one after another actions for patent infringement against the petitioner based upon different patents owned by the respondent. . . ." is patently misleading, as any reading of the judgment [R. 325] will demonstrate. This judgment is plainly limited in effect to patent No. 2,879,949 in suit, and has no reference to any other patent or patents.

The sole issue below was whether the written settlement Agreement dated March 29, 1962 [PX-1,* R. 124], between the parties bars the defendant Waste King from prosecuting an action or actions against plaintiff In-Sink-Erator for infringement of said patent No. 2,-879,949 here in suit.

Such settlement Agreement of March 29, 1962 [PX-1, R. 124] resulted from and contemplated the termination of two earlier actions between the same parties: (a) an action in the District Court of Wisconsin in which Waste King sued In-Sink-Erator for royalties due under a patent license, and damages for breach by In-Sink-Erator of such license, sometimes referred to in this action as the "Wisconsin case [or 'suit']"; and (b) an action in the Southern District of California by Waste King for infringement by In-Sink-Erator of another patent, No. 2,670,143 (hereinafter referred to as the "'143 patent") [R. 321], sometimes referred to herein as the "California case [or 'suit']."

The District Court found as a fact that the California and Wisconsin suits "were disposed of without adjudication [R. 322]." The California suit was disposed of by a stipulated dismissal *without prejudice,* a certified

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*Plaintiff's exhibits, for brevity, are referred to as "PX" followed by their number in the District Court.

copy of such dismissal being printed as "Appendix A" at the end of this brief.

The '949 patent here in suit issued on March 31, 1959 [R. 131]. The California case for infringement of the earlier '143 patent was filed on March 30, 1959.* Consequently, Waste King's claim for infringement of the '949 patent could not possibly have been included as a claim for relief in the original complaint in the California case. Such claim for infringement of the '949 patent did not arise until *after* the California case was filed. Whether it could, would, or should have been added to the issues of such California case is purely speculative.

D. QUESTION PRESENTED.

Although the Petition (pp. 11-13) states *five* alleged "questions", actually there is only *one* question presented by the Petition, as follows:

> Should the Supreme Court of the United States grant certiorari merely to review the interpretation by the Courts below of a written agreement (the settlement Agreement of March 29, 1962) between private litigants, which involves no public question?

We suggest that the judicial interpretation of a written settlement agreement between private litigants, such as here, involves no "special and important reasons" for issuing a Writ of Certiorari, as required by Rule 19 of this Court.

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*Appearing as Defendant's Exhibit C, p. 48, of Brief and Argument of Defendant-Appellant in the Court of Appeals.

E. THE ARGUMENT.

(a) Petitioner's "Questions" 1, 2, and 3 Were Presented Below.

The first three "Questions Presented" by the Petition [pp. 11-12], were not pleaded or presented, in substance or effect, in either of the Courts below. This Court has repeatedly refused to consider questions not raised below:

See:

McCullough v. Kammerer Corp., 323 U.S. 327, 65 S. Ct. 297, 89 L. Ed. 273;

Sonzinsky v. United States, 300 U.S. 506, 57 S. Ct. 554, 81 L. Ed. 772, 776;

Helvering v. Tex-Penn Oil Co., 300 U.S. 481, 57 S. Ct. 569, 81 L. Ed. 755, 766;

Burnet v. Commonwealth Improv. Co., 287 U.S. 415, 418, 53 S. Ct. 198, 77 L. Ed. 399, 402;

Duignan v. United States, 274 U.S. 195, 200, 47 S. Ct. 566, 71 L. Ed. 996, 1000.

The only question presented below was, as stated by District Judge Hoffman [R. 320]:

> "The controlling question in this action concerns the interpretation and application of an agreement of compromise and settlement which disposed of prior litigation between these parties."

No question was raised below by In-Sink-Erator as to whether Waste King could or should have added its claim for infringement of the '949 patent here in suit to the issues of the California case.

We suggest that the Petition, as to "Questions" 1, 2, and 3 should be denied on the ground that petitioner now attempts for the first time to raise such questions in this Court which were not raised below.

(b) Petitioner's "Questions" 4 and 5 Are Not Cognizable in This Court.

Petitioner's "Questions" 4 and 5 [pp. 12-13] relate only to the interpretation of the release provisions of the written Agreement [PX-1, R. 124] between the parties, who are merely private litigants.

Neither question so posed by Petitioner presents any of the grounds suggested by Rule 19 of this Court, and, in particular:

(a) Neither involves any conflict of the decision of the Court of Appeals with that of any other court;

(b) Neither involves any question of Federal law (both relating only to the interpretation of a written agreement under California law);

(c) Neither involves any conflict between the decision of the Court of Appeals and any decision of this Court; and

(d) Neither even suggests that the Court of Appeals decision has so far departed from the accepted and usual course of judicial proceedings as to call for an exercise of this Court's supervisory power.

By such Questions 4 and 5, the Petitioner, in effect, merely complains that the Court of Appeals interpreted the release provisions of the written Agreement of March 29, 1962 [PX-1, R. 124] differently than did the District Court.

(c) Petitioner's "Reasons" Do Not Support the Petition.

We respectfully submit that Petitioner's "Reasons Relied upon for the Granting of the Writ [pp. 15-19]" do not, in fact, support the Petition.

"Reason" 1 [pp. 15-16] is, in effect, that the decision of the Court of Appeals below "involves a question of great public importance in patent litigation and is in direct conflict with the decisions of other courts."

We know of no authority that the interpretation of a written settlement agreement between private litigants (as here) involves any question of "public importance", and Petitioner cites no authority for such proposition.

As to the alleged conflict of decisions, we suggest that, clearly there is none.

The cases relied upon by the Petition are all clearly distinguishable on their facts and law involved.

Buchanan v. General Motors Corp., 158 F. 2d 728 (C.C.A. 2d), involved merely the *res judicata* effect of a prior *judgment* between the same parties.

Similarly, *Chicot County Drainage District v. Baxter State Bank*, 308 U.S. 371 (1940), and *Angel v. Bullington*, 330 U.S. 183, involved merely the *res judicata* effect of a prior *judgment* between the same parties.

All of Petitioner's cited cases under "Reason" 1, involved the doctrine of *res judicata* by a former judgment. The California suit did not even go to trial, much less to any judgment. Consequently, there can be no conflict between such decisions and the decision of the Court

of Appeals below which merely interprets a written settlement agreement between the parties and which did not in any way involve *res judicata.*

Obviously, there can be no estoppel by judgment if there has been no judgment, as in the California suit.

The California suit was dismissed *without prejudice* by stipulation of the parties thereto and hereto [*See:* "Exhibit A" at end of this brief]. It is clearly established in the law that such a dismissal *without prejudice* affects no right or remedy of either party to the action:

See:

17 American Jurisprudence, Dismissal, §100, p. 168;

Annotation in 149 A.L.R. 553, and cases cited.

The dismissal *without prejudice* in the California case could not affect the right of either party to reassert against the other any claim made therein, or to assert any other claim (such as In-Sink-Erator's infringement of the '949 patent here in suit) which it might have had against the other. If either of the parties have any rights with respect to such claims they derive solely from the settlement Agreement of March 29, 1962 [PX-1, R. 124].

"Reason" 2 of the Petition [pp. 16-17] likewise asserts a conflict between the decision of the Court of Appeals below and decisions of other courts. The cases cited by the Petition, however, are clarly distinguishaable on the facts and law involved from the present action.

Case v. Redfield, 5 Fed. Cas. 258 (C. C. Ind. 1849), merely involved the question as to whether the inclusion

in one complaint of two causes of action for the infringement of two patents was demurrable, and the Court overruled the demurrer, merely holding that it was proper to join both claims for relief in a single Complaint. It involved merely the propriety of such joinder, not any failure to join such claims for relief in one action.

Similarly, *Harper v. Holman,* 84 Fed. 222 (C.C. Pa. 1897), merely involved the question as to whether the joinder in one complaint of several claims for infringement of several copyrights was demurrable, and the Court overruled the demurrer, merely holding that such joinder was proper in that case. It did not involve any failure to join separate claims for relief.

Similarly, *Hayes v. Dayton,* 8 Fed. 702 (C.C. N.Y. 1880), merely involved the propriety of the joinder of claims of infringement of six separate patents in one complaint, and the Court sustained the demurrer on the ground of "multifariousness." It did not involve any failure to join separate claims for relief.

None of such cases relied upon by Petitioner involved any failure to join in one action separate claims for infringement of separate patents, or other relief. Moreover, none of such cases involved the interpretation of a written settlement agreement, as here. Consequently, it is plain that none of such decisions is in any way in conflict with that of the Court of Appeals below.

As to its "Reason" 3 [p. 19], the Petition does not indicate how the decision of the Court of Appeals below is in any way in conflict with Rule 8(f) of the Rules of Civil Procedure, and cites no authority for such a contention.

We respectfully submit that none of Petitioner's "Reasons" [pp. 15-19] in fact support the Petition.

(d) Petitioner Failed to Plead Its Present Defense.

Either the Petition contends that defendant WASTE KING is estopped to now assert its '949 patent against plaintiff IN-SINK-ERATOR, by its failure to assert the '949 patent in the earlier Wisconsin or California cases (Petition, Q. 3, p. 12), or we misunderstand Petitioner's contentions and argument.

If such "estoppel" is in fact contended for here by Petitioner as a defense, *it* is estopped to do so because it did not affirmately plead in its Complaint [R. 1-3] such defense, as is required by Rule 3(c) of the Rules of Civil Procedure, as follows:

> "In pleading to a preceding pleading, a party shall set forth affirmatively . . . estoppel, . . . release, *res judicata,* . . . and any other matter constituting an avoidance or affirmative defense. . . ."

Having failed to plead such "estoppel" defense, or raise it below, Petitioner has waived the same by Rule 12(h) of the Rules of Civil Procedure:

> "A party waives all defenses and objections which he does not present either by motion as hereinbefore provided or, if he has made no motion, in his answer or reply. . . ."

(e) The Primary Questions Presented by the Petition Are Moot, and Should Not Be Decided.

It is clearly established that this Court will not answer or decide moot, abstract, or hypothetical questions:

See:

General Talking Pictures Corp. v. Western Electric Co., 305 U.S. 124, 59 S. Ct. 116, 84 L. Ed. 81;

Smiley v. Holm, 285 U.S. 355, 52 S. Ct. 397, 76 L. Ed. 795, 805.

As to "Questions 1 and 2" of the Petition [pp. 11-12], there is no evidence in the record here that respondent WASTE KING owns any "'block of patents." The evidence here is merely that respondent WASTE KING is the exclusive licensee under two patents, *i.e.*, the '143 patent involved in the California suit, and the '949 patent involved in this action. Furthermore, as pointed out above, the '949 patent had not issued when the California suit on the '143 patent was filed.

Similarly, as to "Question 3" of the Petition [p. 12] there is no evidence here that WASTE KING owned either the '143 or '949 patents referred to, it being merely an exclusive licensee thereunder. This "Question" also is moot because the California suit was dismissed *without prejudice* and could not operate as an estoppel, as pointed out above.

As to "Question 4" of the Petition [p. 12], there is no evidence here that "the specific patent there in suit [*i.e.*, the '143 patent]" was directed "to only a minor part of a commercial device."

As to "Question 5" of the Petition [pp. 12-13], there is no evidence in this record that the decision of

the Court of Appeals worked any "manifest injustice" on Petitioner. There is no evidence in this record that such exhibits were, in fact, "facts pleaded" within the meaning of the Agreement of March 29, 1962 between the parties.

All of the questions suggested by the Petition are moot, hypothetical, and abstract, and, we suggest, the Court should therefore decline to answer them.

Conclusion.

It is respectfully submitted that the Petition involves merely the interpretation of a private written agreement between private litigants, involves no public issues, Federal questions, conflict of decisions, or any other "special" or "important" reason justifying the grant of a writ of certiorari by this Court. We further suggest that the "questions" presented by the Petition are merely hypothetical and abstract, are not supported by the record, and therefore do not merit the consideration of this Court.

On the record in this action, the Court of Appeals correctly interpreted the intent of the parties as to the settlement agreement between them, which is the only real question presented by the Petition. However, we would not have the temerity to argue that issue at this time.

We submit that the Petition should be denied.

Dated: August 6, 1965.

Respectfully submitted,

FORD W. HARRIS, JR.,
Attorney for Respondent.

APPENDIX.

Stipulation of Dismissal.

In the United States District Court, Southern District of California, Central Division.

Waste King Corporation, a corporation, Plaintiff, vs. In-Sink-Erator Manufacturing Co., a corporation, Defendant. Civil Action No. 291-59-K.

Pursuant to Rule 41(a)(1) of the Rules of Civil Procedure, the parties to the above-entitled action, through their respective attorneys, having independently settled the same, stipulate to the dismissal of said action, and hereby dismiss said action, without prejudice, costs or attorneys fees to either party.

Dated: March 29, 1962.

Harris, Kiech Russell & Kern
By Ford Harris, Jr.
Ford Harris, Jr.
Attorneys for Plaintiff

Lyon & Lyon
By R. Douglas Lyon
Charles B. Cannon
Charles B. Cannon
Attorney for Defendant

(Seal)

IT IS SO ORDERED.

DATED 4/2/62

/s/ Fred Kunzel
United States District Judge

I hereby attest and certify on Aug. 4, 1965 that the foregoing document is a full, true and correct copy of the original on file in my office, and in my legal custody.

John A. Childress
Clerk, U.S. District Court
Southern District of California
By Ralph A. Klein Deputy